KEYNOTE ADDRESS BY THE DEPUTY PRIME MINISTER AND MINISTER FOR DEFENCE, THE HON. L.H. BARNARD, TO OFFICIALLY OPEN THE AUSTRALIAN CO-OPERATIVES NATIONAL CONVENTION - CANBERRA, 24TH AUGUST, 1973

Mr Chairman, Ladies and Gentlemen,

It gives me great pleasure to open the National Convention of the Co-operative Federation of Australia. I am especially pleased to do this by reading the keynote address at this, the first meeting of the Australian Co-operative Movement to have been held in Canberra since 1943. It is significant that your return to the National Capital should coincide with the first legislative year of the new Australian Government and I feel sure that the fresh winds now revitalizing the running of this nation will be equally stimulating in your deliberations.

It is equally significant that when the co-operative movement met here, just on 30 years ago, the result was the creation of the Co-operative Federation of Australia. Whilst we cannot expect an equally momentous result from this convention let us hope that the ideas which will be discussed over the next few days will prove as invigorating to the movement as was that occasion back in 1943.

Growing Significance of the Co-operative Movement

Co-operatives have a long standing and honourable place, both in Australia and elsewhere, in the history of the attempts of the ordinary working citizen to better his living conditions.

As such, the co-operative movement and the Labor movement have always had much in common, and they still continue to work together, as can be seen in the number of credit co-operatives established by various employee organizations.

Because of this historical bond, and becuase the government is deeply interested in improving the quality of life of the ordinary working citizen, the government will continue to regard the progress of the co-operative movement in Australia with great interest.

It is interesting to note that the early socialist pioneers were often leading popularizers of the concept of co-operative societies. People like Robert Owen reacted to the injustices of the Industrial Revolution by formulating some of the earliest of socialist theories and by popularizing the idea of co-operatives as a means by which people could band together to help themselves.

As you know, the modern co-operative movement effectively dates from the establishment of the Rochdale Equitable Pioneers in 1844.

The first registered co-operative in Australia of which there is definite record was the Adelaide Co-operative Society Ltd which was founded in 1868.

By 1918 the Co-operative movement had grown to the stage where its first convention, held that year in Melbourne, led to the establishment of the Australian Producers Wholesale Co-operative Federation. This was followed, as I mentioned earlier, by the events of 1943 and the creation of the present Federation.

There is great diversity of nomenclature, form, objective, and structure in Australian co-operatives. With such diversity of roles and interests it is not surprising that the co-operative movement has continued to grow to the point that, in many areas, they are amongst the most important institutions affecting the lives of Australians. The monetary turnover of co-operatives during the year to July 1971, of $1,029 million, speaks for itself. It is also instructive to see that, whereas in 1950 there were, (excluding building and friendly societies), 683 co-operatives, with 476,000 shareholders in Australia by 1971 the number had grown to 2,600 co-operatives with a numerical membership of almost one and a half million.

International Significance of Co-operatives

Just as co-operatives have been looked upon since their inception as a means of improving the life of the average working citizen, so they have come to be regarded as an effective means of improving the lot of the unfortunate throughout the world. In Australia they have been recognized as one of the most promising ways of helping alleviate the poverty and hardship now only too apparent amongst our neighbours in South East Asia, The international Co-operative Alliance has a particularly proud history, dating back to its foundation in 1895. This makes it the oldest non-governmental international organization in the world. The fact that it enjoys consultative status, Category A, with the United Nations, attests to its continued observance of its old traditions.

To enable Australian co-operatives to play a role in the vital task of imparting the skills necessary for our region to develop, the Australian government has in the past, made grants for training and consultations. This enabled the Co-operative Federation of Australia to act as host to a round of Council and Committee meetings of the Regional Office of the International Co-operative Alliance of South East Asia, Leaders of the co-operative movement in the countries concerned visited Australia and participated in meetings in Western Australia, Victoria and New South Wales and also visited Canberra.

Further assistance has been provided to enable a member of the Council of the Co-operative Federation of Australia, through the South Pacific Commission, and direct with Pacific countries concerned, to undertake study and advisory visits to countries in the Pacific region to aid in their co-operatives in development, legislation and organization.

Financial Co-operatives and the Government's Attitude to Assistance

The importance of financial co-operatives to the community might best be summed up in the motto of the credit union "Not for profit, not for charity, but for service".

The benefits of financial co-operatives are both social and economic. They largely emanate from the bond of association, self-help and mutual assistance which characterise the credit co-operatives from other financial institutions.

From a social viewpoint financial co-operatives have given hope to many lower income earners and here the role of the co-operative building societies deserves special mention. The profit motive has not intruded into credit dealings against the best interests of members. They have provided the opportunity for individuals to give financial assistance to one another while assisting themselves.

The Government fully acknowledges these benefits. Many of the ideals upon which credit co-operatives are based and operate are closely aligned to what is seen by the Government as desirable in financial arrangements.

Government legislation relating to co-operatives is mainly a matter for the States, but without going into too great detail, the Australian Government has fostered the co-operative movement by allowing for special taxation concessions for co-operatives under specified conditions. Also, for rural co-operatives and marketing boards, the Reserve Bank makes advances to assist the marketing, processing and manufacture of primary products. The Housing Loans Insurance Corporation undoubtedly contributes to the successful activities of co-operative building societies.

Broadly stated, the present co-operative company provisions are designed to assist the co-operative which transacts business on behalf, and to the advantage, of its members: the law, so to speak, helps those who helps themselves.

Encouraging the Development of Aborignal Co-operatives

Because of the historical roots of the co-operative movement as a means by which the under-privileged have fought their way to a more just and equitable life, it is particularly appropriate that the Government should now be assisting aboriginals in the development of their own co-operatives.

Two instances of this can be cited. In April the Minister for Aboriginal Affairs, Mr Gordon Bryant, approved a grant of $38,000 to the Erub (Darnley Island) Co-operative Society Ltd for its first project. The grant was to enable the Society to build 3 houses which had already been designed by the Islanders and which they plan to construct themselves. The Australian Government helped the Islanders to establish the Co-operative after they had written to the former Prime Minister, Mr McMahon, asking for assistance, 15 months before. This $38,000 announced by Mr Bryant, was one of the Commonwealth's first sizeable direct grants to the Torres Strait Islanders.

It was followed a month later when a group of more than 100 Torres Strait Islanders took preliminary steps to form a co-operative on Thursday Island to engage in housing, fishing, and associated activities. In reply to a request of the co-operative's steering group to Mr Bryant for help in establishing it, the Minister sent a lawyer and consultant to the inaugural meeting to explain rules and operating procedures. Mr Bryant had earlier approved in principle a grant of $50,000 to enable the co-operative to establish a fishing enterprise once the co-operative was registered.

The Australian Government's Housing Polices and the Co-operative Movement

I suppose it is not exaggerating too much to say that housing has never been out of the news since the election of this Government last December. Not only has the Government been publicly active in pursuing its promised intention to significantly improve the housing of Australians, but the general level of demand has lifted home building to boom proportions. Because of this the activities of co-operatives in the housing field have become particularly prominent.

The Government has recently negotiated a new housing agreement with the States, one of the

major features of which is the greater emphasis which is being given to the provision of rental accommodation to families and persons who are most in need of such assistance. Whilst the Australian Government is firmly convinced that those most in need of government assistance are those seeking rental accommodation, and the States have accepted the requirement to limit the number of houses that may be sold, this does not mean that the policy of the Government is against home-ownership.

On the contrary, the aim is a balanced housing programme, with home-ownership for the majority who can afford it, at fair interest rates and on terms as advantageous as we can make them, and at the same time ensuring that good houses and flats are available for those who need to rent, at rentals they can afford to pay.

In giving effect to this policy the Australian Government favours the co-operative terminating housing and building societies because they have proved they can operate in an efficient manner distributing funds as cheaply as possible and, by and large, lending to families of relatively low income.

That is why the special arrangements for continuation with only minor amendments, of the Home Builders' Account provisions were retained in the new Housing Agreement. The proportion to be allocated to the Home Builders' account in each state, each year, is to be between 20 per cent and 30 per cent of the total advances made to the State for that year.

The above measures indicate the substantial place the terminating co-operative societies have in the Australian Government's housing programmes.

The co-operative permanent building societies, too, are recognized as making an important contribution to home-ownership.

Measured by the amount of loans for housing approved during the last two financial years they have become the largest class of lender for housing in Australia.

Between 1969-70 and 1972-73, the amount of loans approved rose three-fold, from $368 million to $1, 141 million and the number of loans more than doubled.

Not only have co-operative permanent societies emerged as one of the largest groups of financial institutions in Australia - with outstanding loans of over $2, 500 million at 30 June 1973 and total assets of approximately $3, 000 million - but they have specialised in the provision of low-deposit insured loans thereby enabling many families to obtain the finance necessary to purchase their home without having to resort to high interest second mortgage loans.

The Co-operative Movement in Primary Industry

It is in the areas of producer marketing and consumer retailing in rural areas that many Australians have their most frequent dealings with the co-operative movement. Originally formed to allow the small farmer or fisherman to compete against the large producer and to get his supplies at reasonable cost, these co-operatives have a firm place in Australia, not only in terms of their economic importance but because they represent the national tradition of asserting the rights of the ordinary working citizen. Again, legislative authority for Governmental dealings with co-operations in primary industry rest largely with the States.

Co-operation means not only co-operation between producers but also co-operation between Governments and producers. Our State agricultural marketing boards provide the best example anywhere in the world of such co-operation. Nevertheless, State marketing boards and farmer's co-operatives do tend to be proneto a common fault.

As time has gone by the control of some co-operatives and of boards have got into the hand of relatively small groups who may not act in the true spirit of co-operation to the benefit of their constituent members. Also, farm groups sometimes employ management personnel of less than top quality. Fortunately, the co-operative movement has begun to take steps to counter these dangers.

An example is the educational grants from the Dairying Research Committee for the training of technical staff for dairy factories which are co-operatives. Other co-operatives have moved to take advantages of the economies of scale. There have been amalgamations of pastoral marketing co-operatives and of dairy co-operatives to adjust to changed conditions in the market place, and there have been cases where co-operatives have expanded activities by taking over less efficient competitors - for example in the manufacturing of fertilizers.

There might well be room for a scheme for co-operative personnel to undertake management and training in new skills to allow them to participate fully in the evolution of their tasks as new techniques develop.

Senator Wriedt, the Minister for Primary Industry, is planning to set up a specialised marketing research group within the Bureau of Agricultural Economics. Through this group it is hoped that many of the marketing activities required by primary products will be studied with a view to instigating new methods.

New Initiatives for the Co-operative Movement

Changes in the life style of Australians and change in the nation's economy will inevitably result in new challenges and new roles for the co-operative movement. In some areas co-operatives may have to change their form of organization and concept of their role if they are to remain a significant force. In other areas completely new opportunities are now open to co-operative-type organizations which can both ensure their continued existence and reinforce their traditions.

Some of the challenges arise from what appears to be a conflict in the development of the co-operative movement. The predominance of co-operatives in Australian industries characterized by small producers, and limited for the most part to regional operations, is illustrative of the limits of true co-operatives.

Most co-operatives remain small so that the voice of the individual members will remain significant and the enterprise confine itself to the business of its members. On the other hand, processing and marketing co-operatives may need to grow larger to survive and become more competitive with commercial enterprise.

The relative efficiency of the co-operative and other forms of enterprise then become relevant. This is a challenge for the co-operative movement to meet head on - to avoid becoming divorced from the needs and wishes of its members and yet grow to remain efficient. Co-operatives will need to be ready to adapt and to change their form as the economy becomes progressively

developed and competing enterprises become more sophisticated.

In meeting some of these challenges a few ideas which you might discuss during the convention would be pertinent.

As you know, co-operative organizations must meet definite requirements if they are to qualify for favourable treatment in, for instance, the area of taxation benefits. These requirements were instituted to ensure that unscrupulous individuals or groups could not abuse the genuine co-operative spirit of the movement. They also serve as a reminder of the fact that the Government is anxious to ensure that co-operatives remain as such and that they genuinely reflect the intentions of their members.

It would therefore be in keeping with the traditions of the co-operative movement to consider some issues which reflect on the question of the member's interest in the co-operative.

These could be considered under three headings:-

1. Accountability. Clear and manageable (not just formal) lines of accountability are necessary. They have to be workable, not ritualistic. This problem applies to minor matters such as expense accounts of executives employed by the co-operative society; to matters such as the time of the day when general meetings are held; to the investment of contributions of the society's members.

2. Initiative and Recall. Provision needs to be made for both initiatives and recall, but the mechanics of these moves may be effective only in a decentralized administrative power structure. One solution could be regional boards of directors responsible to membership groups of a size sufficient to make initiative and recall feasible.

3. Efficiency and Function. Who sets and charges the co-operative's goals over time, and who decides performance standards? For example, for building societies and co-operatives, is the goal to make an increasing number of home building loans, or to do this more cheaply than other finance sectors, or, to redistribute a resource (housing) by using "muscle" in the market system to secure advantageous locations for members?

In some cases, expanding the concept of co-operative organization to its most general sense can open new opportunities for the movement to renew itself from its past idealism. The growing recognition of pressures affecting urban living and the Government's desire to alleviate the blights of modern urban life provides a unique chance for co-operative organizations to seek new fields of interest.

There is a growing range of informal associations in both urban and rural areas, especially in co-operative trading and food supply; in credit unions; in health insurance associations; in "knowledge and information" co-operatives; and in commune style living. Young people have given this trend a major impetus, but organized employee groups are also pursuing these objectives. The trading, tourism, educational and (in the future) housing initiatives of the ACTU are illustrative of this trend.

There are considerable possibilities in the near future for new styles of housing co-operatives, perhaps in association with government. Here it is worth noting the recently announced moves in South Australia relating to residential development involving the ACTU and the South Australian

government in a joint venture. The Department of Urban and Regional Development has had submissions from resident groups, especially in inner city areas, proposing new forms of housing co-operatives to establish and ensure lower cost housing within the inner core of the cities.

This may be assisted by modifying the Home Loan Insurance Authority's functions.

Yet another area in which the way is open for initiatives from the co-operative movement is in the field of consumerism.

In Australia, a large number of consumer co-operatives operate as retail stores and are commonly associated with industrial and mining areas, as in New South Wales where they have met with success in Newcastle and to a limited extent in other industrial centres.

The consumer co-operative movement has not been as pronounced in Australia as in some overseas countries, where co-operatives have been an important factor in commercial and social spheres. However, with the currently growing force of consumerism throughout the world the protection of the consumer with regard to the price, quality and presentation of products may well allow the consumer co-operative movement to become a force for the protection of consumers, a role well in keeping with its traditions.

Co-operatives would thus become:

1. A means by which consumers may, through their representatives, treat directly with manufacturers,and specify quality, packaging requirements, warranty provisions, service requirements, and so on.

2. A means of competing with private retail stores. The availability of a dividend through co-operative stores allows the individual consumer to bring pressure to bear on all retail stores within a reasonable distance of the co-operative outlet.

3. A means whereby the consumer may obtain unbiased and complete information of the range of products available. Unfortunately, such information is hard to come by in the normal course of events.

In conclusion, I can only reassert the hope that the co-operative movement will continue to be a major force in the economic and social life of Australia. They may have problems of adjustment to the modern world but the weaknesses of co-operative enterprises must be overcome if the world of big business and multi-national corporations is not to swamp us. A few new initiatives have been mentioned earlier - capital formation; involvement in more than one operation; recognising that good management is essential and should be paid accordingly. Few farmers at the local level can see the movement as big business in which the local co-operative is essentially a branch. The complicated activities of large scale management employing specialists with varied skills and which works a coordinated system may not even appeal to many members of co-operatives at the grass roots level, and may even be regarded with suspicion. Nonetheless, this may be a partial answer to the weakness apparent in some areas of co-operative activity

Other initiatives which the co-operative movement may do well to consider, include combining with other forms of business organizations. This may necessitate reconsideration of some

traditions. The recent association of Burkes in Melbourne with the trade union movement will illustrate the type of thought I have in mind. Similarly, several large co-operative fertilizer manufacturers have a close business liaison with massive chemical complexes for the supply of intermediate products.

The definition of co-operation is working together to the same end. The co-operative movement should not feel hampered by traditional concepts if they become outmoded, but rather approach the future with an innovative, and possibly experimental, spirit. Although the economic aspects may be stressed because these are necessary to achieve and maintain viability, the humanitarian ideals of the movement should not be sacrificed in the process. With these always in mind, the co-operative movement will continue to expand its role and its significance in all aspects of Australian life.